

COUNTY OF CHESTERFIELD
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements presented for the County of Chesterfield, Virginia (County) are prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

As required by GASB Statement No. 14, "The Financial Reporting Entity," these financial statements present the County (primary government) and its component units. The component units discussed in Note 1(B) are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

B. Individual Component Unit Disclosures

Discretely Presented Component Units. The component unit columns in the combined financial statements include the financial data of the County's component units. They are reported in a separate column to emphasize they are legally separate from the County.

1. The Chesterfield County public school system is responsible for elementary and secondary education within the County's jurisdiction. The five members of the School Board are elected for a four year term. The members of the current School Board were elected in November 1999. The School Board functions independently of the County Board of Supervisors (County Board) and County administration, but is required to prepare and submit an annual budget to the County Board for approval. The local costs of the school system are provided in part by appropriation from the County's General Fund because the School Board can neither levy taxes nor incur indebtedness under Virginia law. The cost of constructing school facilities is provided by bonds issued as County general obligations and capital appropriations from the County's General Fund. The School Board is reported as a discretely presented component unit of the County because (1) its budget must be approved by the County and (2) it is fiscally dependent upon the County. Complete financial statements of the School Board are included in the discretely presented component unit column of the combined financial statements, as well as in the combining, individual fund, and account group statements and schedules section.
2. The Chesterfield Health Center Commission is responsible for operating a long-term care facility (Lucy Corr Village) in a professional and cost-effective manner providing high quality care for its residents. The seven members of the Health Center Commission are appointed by the County Board. The County annually provides operating subsidies to the Health Center Commission. The Lucy Corr Village is accounted for as a proprietary fund type. Complete financial statements for the Lucy Corr Village may be obtained at the entity's administrative office at 6800 Lucy Corr Court, Chesterfield, Virginia 23832.

C. Fund Accounting

The accounts of the reporting entity are organized on the basis of funds and account groups. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The various funds are summarized by type in the combined financial statements. The following fund types and account groups are used:

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GOVERNMENTAL FUND TYPES

Governmental Funds are those through which most governmental functions of the County and School Board are financed. The acquisition, use, and balances of the expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds and similar Trust Funds) are accounted for through Governmental Funds. The measurement focus is based upon determination of changes in financial position, rather than upon net income determination. The following are the governmental fund types:

General Fund - The General Fund is the general operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

PROPRIETARY FUND TYPES

Proprietary Funds are used to account for the reporting entity's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is based upon determination of net income. The following are the proprietary fund types:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds - Internal Service Funds of the primary government are used to account for the operations of the vehicle and communications maintenance, the general self-insurance functions, and construction management. Resources to meet the cost of operations are derived from interfund charges on a cost-reimbursement basis.

FIDUCIARY FUND TYPES

Fiduciary Funds are used to account for assets held by the County and School Board in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following are the fiduciary fund types:

Trust and Agency Funds - Trust and Agency Funds include Expendable Trust, Nonexpendable Trust, Pension Trust, and Agency Funds. Expendable Trust Funds are accounted for in the same manner as governmental fund types. Nonexpendable Trust and Pension Trust Funds are accounted for in essentially the same manner as Proprietary Funds since capital maintenance is important. Agency Funds are custodial in nature and do not involve measurement of results of operations.

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ACCOUNT GROUPS

Account groups are used to establish accounting control and accountability for the County and School Board general fixed assets and general long-term obligations. General fixed assets purchased for school use are reported with the School Board. The County, in accordance with Virginia law, issues general obligation debt on behalf of the School Board. Any "on behalf of" debt issued for the purpose of acquiring School Board fixed assets is reported with the School Board. The following are the account groups:

General Fixed Assets Account Group - This account group accounts for fixed assets other than those accounted for in the Proprietary Funds.

General Long-term Obligations Account Group - This account group accounts for all long-term liabilities except those accounted for in the Proprietary Funds.

D. Basis of Accounting

All Governmental Funds use the modified accrual basis of accounting whereby revenues are recorded when susceptible to accrual, i.e., both measurable and available. Generally, revenues are considered available only if the monies will be received within 45 days after the end of the accounting period and are due on or before the last day of the accounting period. Expendable Trust Funds also use the modified accrual basis of accounting. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recorded when due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to time of expenditure and are usually revocable only for failure to comply with prescribed purpose restrictions. These resources are reflected as revenues in the period when all applicable eligibility requirements have been met and the resources are available.

Real and personal property taxes are recorded as deferred revenues and receivables when levied, net of allowances for uncollectible amounts. During the fiscal year, property tax collections are recorded as revenues and deferred revenues are reduced. Property taxes for the current and prior years, not collected within 45 days after year-end remain recorded as deferred revenues. Sales taxes, which are collected by the State by year-end and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the State, which is generally in the month preceding receipt by the County.

Licenses and permits, fines and forfeitures, charges for services and miscellaneous revenues, except interest on temporary investments, are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded when earned since they are measurable and available.

All Agency Funds use the modified accrual basis to account for changes in assets and liabilities.

All Proprietary, Nonexpendable Trust and Pension Trust Funds are accounted for using the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred. Unbilled accounts receivable are accrued when earned in the Enterprise Funds.

GASB Statement No. 20 requires proprietary activities to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board ("FASB") pronouncements, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs") issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. In accordance with GASB Statement No. 20, management has elected not to apply FASB pronouncements issued after November 30, 1989.

The requirements of GASB Statement No 33, *Accounting and Financial Reporting for Nonexchange Transactions*, are applied to the financial statements for the year ended June 30, 2001.

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E. Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- ◆ Prior to budget submission, department directors develop long-range performance plans including objectives, performance measures, and work plans for the coming year. These plans are reviewed and approved by the County Administrator.
- ◆ In September, the School Board receives an expenditure target from the County Administrator.
- ◆ In November, departments receive an expenditure target. Budgets are prepared with work plans modified to be consistent with the resources available.
- ◆ Departments submit budgets and work plans to the County Administrator for review in January. Requests for additional funding are negotiated and the County Administrator's recommended budget is prepared by early March. During this time, work sessions are held with the County Board to keep them informed of the status of the budget.
- ◆ No later than March 1, the School Board submits its proposed budget to the County Administrator.
- ◆ Prior to March 15, the County Administrator submits to the County Board a proposed operating budget for the County and School Board for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- ◆ A public hearing is conducted to obtain taxpayer comments.
- ◆ Prior to May 1, the County Board adopts the budget by resolution and funds are appropriated generally at the function level for the General Fund, at the fund level for the Comprehensive Services Fund, and at the major category of expenditures for the School Operating Fund (which are state reporting requirements), through passage of an appropriation resolution. The categories for the School Operating Fund are: instruction, administration and attendance and health, pupil transportation, operation and maintenance, food service and debt service. These are the levels of control at which expenditures may not legally exceed appropriation.
- ◆ Formal budgetary integration is employed as a management control device during the year for all funds except Trust and Agency Funds. Budgets are legally adopted annually for the County's General Fund, the Comprehensive Services Fund and the School Operating Fund. The budget resolution specifies that Trust and Agency disbursements must be for the purpose for which the fund was established.
- ◆ A budget is adopted for each grant or project in the Grants Fund or the County Capital Projects Fund when funds become available. In the Capital Projects Fund of the School Board, projects are appropriated in total when funds become available. The budget resolution specifies that the budget and appropriation for each grant or project continue until the expiration of the grant or completion of the project. All other appropriations lapse at year-end. Budgets for these grants and projects are not included herein since they are not legally adopted annually. The level of control at which expenditures may not legally exceed appropriations is at the individual grant or project level in the Grants Fund and Capital Projects Fund of the County and at the total appropriation level in the Capital Projects Fund of the School Board.
- ◆ Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles applicable to governmental units. Budgeted amounts reflected in the financial statements are as originally adopted or as amended by the County Board, School Board, County Administrator or the School Superintendent.
- ◆ The County Administrator is authorized to amend appropriations by transferring unencumbered appropriated amounts within appropriation categories, or to increase any appropriation category up to \$20,000. The County Administrator is also authorized to (1) appropriate any unanticipated revenues that are received from insurance recoveries received for damage to County property, and donations made by citizens or citizen groups in support of County programs, (2) appropriate funds from asset forfeiture for drug enforcement; (3) increase the general fund appropriation to the School Board, contingent upon available funds and consideration of other

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expenditures up to \$4.5 million; (4) appropriate funds for certain expenditures required by legal mandates; (5) transfer funds to departments for worker's compensation, consistent with the Risk Management program, supplemental retirement, and healthcare for retirees, and; (6) reallocate funding sources for specific programs. Otherwise, amendments that increase the total appropriation of any function level must be approved by the County Board. During the year, the County Board approved several amendments to the various appropriations. If an increase in the budget exceeds \$500,000, a public hearing is used to receive public input prior to the amendment being approved.

- ◆ The Superintendent and/or School Board has the authority to make transfer amendments within major appropriation categories. The Superintendent and/or School Board is authorized to approve amendments that cross major appropriation categories up to \$499,999. Any amendment that crosses major appropriation categories in excess of \$499,999 must first be approved by the School Board and then by the County Board. The County Administrator has the authority to appropriate any unanticipated revenues that are received from insurance recoveries and reimbursements made to the School Board for damage to School Board property for amounts up to \$20,000. County Board approval is required to appropriate donations made by citizens or citizen groups in support of School Board programs.

A summary of the amendments to appropriations, including residual equity transfers, during the fiscal year ended June 30, 2001 is as follows:

<u>General and Special Revenue Fund Types</u>	<u>Amount</u>
Primary Government - General Fund	\$ 37,395,929
Primary Government - Comprehensive Services Fund	<u>1,372,481</u>
Total Primary Government	38,768,410
School Board Component Unit - School Operating Fund	<u>9,110,897</u>
Total Reporting Entity	<u>\$ 47,879,307</u>

A reconciliation of the actual amounts of budgeted and unbudgeted Special Revenue Funds follows:

	<u>Unbudgeted Fund</u>	<u>Budgeted Fund</u>	<u>Total Special Revenue Funds</u>
	<u>Grants</u>	<u>Comprehensive Services</u>	
Revenues and other financing sources	\$ 9,080,365	\$ 4,461,023	\$ 13,541,388
Expenditures and other financing use	<u>8,151,223</u>	<u>4,988,552</u>	<u>13,139,775</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 929,142</u>	<u>\$ (527,529)</u>	<u>\$ 401,613</u>

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all Governmental Funds. Encumbered amounts outstanding at year-end which are to be charged against the current year's budget are reappropriated into the next fiscal year's budget. Encumbrances outstanding at year-end are reported as reservations of fund balances, since they do not constitute expenditures or liabilities.

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G. Allowances for Uncollectibles

The reporting entity determines allowances for uncollectibles using historical collection data, specific account analysis, and management's judgment.

H. Inventories

Inventories are valued at the lower of average cost (first-in, first-out) or market for the Enterprise and Internal Service Funds of the primary government and at actual cost for Governmental Funds. In the Governmental Funds, inventories are equally offset by a reservation of fund balance which indicates that they do not constitute "available spendable financial resources." Inventory items are considered expended when used (consumption method).

I. General Fixed Assets

General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the Governmental Funds and capitalized at cost in the General Fixed Assets Account Group. Contributed fixed assets are recorded as general fixed assets at estimated fair market value at the time of receipt. The standard for capitalization of tangible property is \$5,000 or more per unit with an expected useful life of greater than two years. The standard for capitalization of computer software is \$50,000 with an expected useful life greater than two years. Land parcels are capitalized regardless of cost. When governmental fund assets are sold or retired, their costs are removed from the accounts and the proceeds (if any) are reflected in revenues.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the County. No depreciation has been provided on general fixed assets.

J. Property, Plant, and Equipment – Enterprise and Internal Service Funds

Property, plant and equipment reported in the Proprietary Funds is stated at cost. Contributed property, plant and equipment is valued at estimated fair market value at the date of receipt. The standards for capitalization are the same as those for general fixed assets. Depreciation has been provided over estimated useful lives using the straight-line method. When fixed assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and the gains or losses are reflected on the income statement currently. The estimated useful lives of property, plant and equipment are as follows:

Buildings	40-60 years
Improvements other than buildings	8-25 years
Machinery and equipment:	
Transmission lines and mains	35-50 years
Other	3-20 years

Depreciation of all exhaustible fixed assets used by Proprietary Funds is charged as an expense against their operations and accumulated depreciation is reported in Proprietary Fund balance sheets. Interest, when material in amount, is capitalized.

Interest costs of \$791,322 in the Enterprise Funds of the primary government and \$1,603,860 in the Health Center Commission component unit were capitalized during the fiscal year.

K. Compensated Absences

County and School Board employees are granted vacation pay due to length of service in varying amounts as the services are provided. Employees may accumulate, subject to certain limitations, unused vacation pay earned and, upon retirement, termination or death, may be compensated for certain amounts at their current rates of pay. Employees may accumulate an unlimited amount of earned but unused sick leave benefit, which is forfeited upon separation from service, except when separation is caused by the retirement of employees. Upon retirement of County employees, up to \$2,500 in accrued sick leave benefits are payable to the employee. Upon retirement of School Board employees, \$10 per accrued sick leave day is payable to the employee. The cost of accumulated

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vacation and sick leave pay expected to be paid from future expendable financial resources is accounted for as a liability in the applicable General Long-term Obligations Account Group and Proprietary Funds in accordance with GASB Statement No. 16, "Accounting for Compensated Absences." In Governmental Funds, the amount of the vacation and sick leave pay recognized as an expenditure during the year is the amount liquidated with expendable available financial resources. In the Proprietary Funds, the amount of vacation and sick leave pay recognized as expense is the amount earned during the fiscal year.

L. Retirement Plans

Retirement plan contributions, with the exception of the School Board Early Retirement Incentive Plan, are actuarially determined and consist of current service costs and amortization of prior service costs over a 40-year period. The policy is to fund pension costs at actuarially determined rates. The County and School Board funded the Virginia Retirement System Plan using an actuarially determined phase-in rate. The County made a contribution to its Supplemental Retirement Plan in 2001, which was equal to the annual required contribution. Retirement contributions for the School Board Early Retirement Incentive Plan are based on savings derived from employees electing to retire under the Plan. The School Board made a contribution to its Early Retirement Incentive Plan in 2001, which was more than the recommended contribution.

M. Investment Policy

The reporting entity follows a deposit and investment policy in accordance with the Commonwealth of Virginia statutes. Investments with a maturity date of more than one year from the date of purchase are stated at fair value and investments with a maturity date of one year or less from the date of purchase are stated at amortized cost in accordance with GASB Statement No. 31. Deposit and investment instruments include certificates of deposit, bankers' acceptances, Commonwealth of Virginia Local Government Investment Pool, repurchase agreements and US Government securities. Investments are generally on deposit with banks and savings and loan institutions and are collateralized under the provisions of the Virginia Security for Public Deposits Act, Section 2.1-359 et seq. Securities are held in safekeeping by the respective financial institutions. Repurchase agreements are collateralized by securities at market values sufficient to cover the principal amount of the investment.

N. Cash Equivalents

For the purpose of the statement of cash flows, the Proprietary and similar fund types consider all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents.

O. Overlapping Debt

The reporting entity has no legal debt margin requirement and no overlapping debt. Any issue of general obligation bonded debt, except State Literary Fund loans and Virginia Public School Authority (VPSA) bonds, must be approved by a voting majority of the qualified voters. Revenue bonds may be issued by the adoption of a resolution by the County Board.

P. Bond Issuance Expenses, Discounts, and Deferred Gain or Loss on Advance Refundings

Bond issuance expenses and bond discounts in the Enterprise Funds are amortized over the life of the bonds using the bonds outstanding method. The bonds outstanding method is also used to amortize the deferred gain or loss on advance refundings of bonds in the Enterprise Funds, using the remaining life of the refunded bonds or the new bonds, whichever is shorter.

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Q. Solid Waste Landfill Closure and Postclosure Care Costs

The County has recorded the estimated liability in the General Long-term Obligations Account Group.

R. Connection Fees

Connection fees represent fees charged to customers to connect to the County's water and wastewater systems. Connection fees consist of a capital recovery charge and a meter installation charge. The capital recovery charge will be used to finance future capital improvements, whereas the meter installation charge recovers the cost of the meter and its installation.

In accordance with industry practice, capital recovery charges of \$7,137,544 and \$3,076,720 have been credited to capital contributions in the Water and Wastewater Enterprise Funds, respectively and the meter installation fee has been classified as charges for services in the Water Enterprise Fund.

S. Prepaid Expenses – Enterprise Funds

Prepaid expenses in the Enterprise Funds consist of capacity rights in the Water and Wastewater Funds. On December 1, 1989, the County entered into an agreement with the City of Richmond (City) to purchase capacity rights from the City to meet future water needs. On July 2, 1996, the County, in conjunction with the Counties of Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights, created the South Central Wastewater Authority to maintain wastewater treatment and related facilities and provide capacity for purchase by the participating jurisdictions. Changes in capacity rights are as follows:

	<u>Water</u>	<u>Wastewater</u>
Balance July 1, 2000	\$ 29,993,508	\$ 4,279,565
Current year additions	467,045	-
Current year amortization	<u>454,486</u>	<u>118,876</u>
Balance June 30, 2001	<u>\$ 30,006,067</u>	<u>\$ 4,160,689</u>

Water capacity rights are amortized based on actual usage for the year divided by expected usage over the life of the agreement with the City of Richmond. Wastewater capacity rights are amortized over 40 years using the straight-line depreciation method.

T. Total Columns

Total columns are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not represent financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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2. DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2001, deposits at carrying value consisted of the following:

	<u>Primary Government</u>	<u>Component Units</u>	
		<u>School Board</u>	<u>Health Center Commission</u>
Cash on hand, cash items and petty cash	\$ 771,366	\$ 72,232	\$ 200
Demand deposits, savings accounts and certificates of deposit with banks and savings and loans	9,638,416	4,443,310	375,038
Paine Webber Money Market Fund	22,612,733	1,404,180	-
Commonwealth of Virginia Local Government Investment Pool	<u>102,106,475</u>	<u>7,829,731</u>	<u>-</u>
	<u>\$ 135,128,990</u>	<u>\$ 13,749,453</u>	<u>\$ 375,238</u>

The Primary Government bank balance of demand deposits, savings accounts and certificates of deposit, which is different from the carrying value because of reconciling items such as outstanding checks and deposits in transit, was \$20,948,914. Of the bank balance, \$20,175,780 was covered by Federal depository insurance or collateralized in accordance with the provisions of the Virginia Security for Public Deposits Act. The Act requires financial institutions holding public deposits in excess of amounts covered by Federal insurance to pledge collateral to a multiple financial institution collateral pool in the name of the State Treasury Board. Banks must pledge collateral in the amount of 50% of excess deposits, while savings and loans are required to collateralize 100% of excess deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. A multiple financial institution collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Of the bank balance at June 30, 2001, the remaining \$773,134 was not insured or collateralized due to the failure of one of the County's depository institutions to meet the collateral requirements of the Act. This depository institution deposited additional collateral subsequent to year end to satisfy the requirements of the Act.

The bank balance for the School Board, a discretely presented component unit, was \$5,502,112. Of the bank balance, \$5,299,076 was covered by Federal depository insurance or collateralized in accordance with the provisions of the Virginia Security for Public Deposits Act. The remaining \$203,036 was not insured or collateralized due to the failure of one of the County's depository institutions to meet the collateral requirements of the Act. This depository institution deposited additional collateral subsequent to year end to satisfy the requirements of the Act.

The bank balance for the Health Center Commission, a discretely presented component unit, was \$568,024. Of the bank balance, the entire amount was covered by Federal depository insurance or collateralized in accordance with the provisions of the Virginia Security for Public Deposits Act.

B. Deposits and Investments with Fiscal Agents and Trustees

At June 30, 2001, the Primary Government had deposits of \$10,806,917 and investments of \$53,122,154 with fiscal agents and trustees totaling \$63,929,071 representing funds to meet debt service requirements in accordance with the various bond resolutions and trust indentures and to meet current and future costs of the County Supplemental Retirement System. Deposits were collateralized in accordance with the provisions of the Virginia Security for Public Deposits Act. The types of investments made by the County's fiscal agents and trustees are governed by the various bond resolutions and trust indentures in accordance with statutes of the Commonwealth of Virginia. The investments are categorized to give an indication of the level of risk assumed at year-end. Category

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1 includes insured or registered investments held by the County or its agent in the County's name. Category 2 includes uninsured or unregistered investments for which the securities are held by a counterparty's trust department or agent in the County's name. Category 3 includes uninsured or unregistered investments for which the securities are held by a counterparty, or held by the counterparty's trust department or agent, but not in the County's name. These investments, except for an open-end mutual fund relating to the County Supplemental Retirement Fund and Commonwealth of Virginia State Non-Arbitrage Program (SNAP), at June 30, 2001 are categorized as follows:

	Category			Reportable Cost	Fair Value
	1	2	3		
Repurchase agreements, 6.37%, maturing on December 1, 2001	\$ -	\$ 7,451,530	\$ -	\$ 7,451,530	\$ 7,451,530
Stocks and bonds - County Supplemental Retirement Plan	-	8,392,799	-	8,392,799	8,392,799
Other direct obligations of the US Government, 5.75% - 6.30%, maturing from November 1, 2001 - August 15, 2004	-	26,511,083	-	26,511,083	26,511,083
	<u>\$ -</u>	<u>\$ 42,355,412</u>	<u>\$ -</u>	42,355,412	42,355,412
Investment in Commonwealth of Virginia State Non-Arbitrage Program (SNAP)				9,673,253	9,673,253
Open-end mutual fund - County Supplemental Retirement Plan				1,093,489	1,093,489
				<u>\$ 53,122,154</u>	<u>\$ 53,122,154</u>

At June 30, 2001, the School Board had deposits of \$3,107,366 and investments of \$5,327,952 with fiscal agents and trustees totaling \$8,435,318, representing funds to meet current and future costs of the School Board Early Retirement Incentive Plan. The School Board investments with fiscal agents and trustees consist of open-end mutual funds totaling \$5,327,952 which are not categorized.

To ensure compliance with the restrictions and requirements created by the Federal Tax Reform Act of 1986 for general obligation tax exempt bonds issued, the County and School Board have invested bond proceeds with SNAP. SNAP is a professionally managed money market program which provides local governments with a method of pooling general obligation and note proceeds for temporary investment. SNAP assists issuing officials in complying with the arbitrage rebate requirements of the Internal Revenue Code of 1986 and the pool invests only in those instruments permitted by Virginia statutes. SNAP is registered with the Securities and Exchange Commission. The fair value of the County's position in the pool is the same as the value of the pool shares. Investments in the SNAP fund are not subject to categorization as to assumed risk because in the aggregate, they are considered pooled investments in nature and are not evidenced by securities that exist in physical or book entry form.

At June 30, 2001, the Health Center Commission had a guaranteed investment contract of \$3,214,120 with fiscal agents and trustees which is not categorized.

Repurchase agreements are collateralized by securities at market values sufficient to cover the face value of the investment.

C. Investments

The reporting entity's investment policies are governed by statutes of the Commonwealth of Virginia. Permissible investments include obligations of the United States, its agencies and instrumentalities, time certificates of deposit, bankers' acceptances, repurchase agreements, commercial paper, the Commonwealth of Virginia Local Government Investment Pool and the Commonwealth of Virginia State Non-Arbitrage Program (SNAP). In addition to these types of investments, stocks and bonds with a fair value of \$646,349 were issued in the County's name and were acquired from the Chesterfield Police Pension and Retirement Fund when the County became part of the Virginia Retirement System. The investments, except for those relating to SNAP, are categorized as follows in accordance with category descriptions as described previously in Section B. of this note:

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	Category			Reportable Cost	Fair Value
	1	2	3		
Repurchase agreements, 3.41% - 3.53% , maturing on July 2, 2001	\$ -	\$ 17,884,000	\$ -	\$ 17,884,000	\$ 17,884,000
Stocks and bonds	646,349	-	-	646,349	646,349
Other direct obligations of the US Government, 3.44% - 6.75%, maturing from July 6, 2001 - June 13, 2003	-	159,361,501	-	159,361,501	159,395,080
	<u>\$ 646,349</u>	<u>\$ 177,245,501</u>	<u>\$ -</u>	177,891,850	177,925,429
Investment in Commonwealth of Virginia State Non-Arbitrage Program (SNAP)				7,509,396	7,509,396
				<u>\$ 185,401,246</u>	<u>\$ 185,434,825</u>

In addition, at June 30, 2001, School Board investments consisted of \$56,750,856 invested in SNAP relating to school construction projects.

Repurchase agreements are collateralized by securities at market values sufficient to cover the face value of the investment.

Due to significantly higher cash flows at certain times during the year other than at year-end, the investments in repurchase agreements varies. During the fiscal year 2001, the amounts invested in repurchase agreements did not exceed \$23.8 million.

3. REAL AND PERSONAL PROPERTY TAXES

Property tax revenues may be used to fund any general governmental services authorized by the Code of Virginia and the County Board. Property taxes levied by the County are not subject to any statutory maximum; however, a public hearing must be held prior to setting the current tax rate. Real and personal property taxes are levied in March or April when the tax rate, as set by the County Board, is applied to the assessed value at January 1 of the calendar year. January 1 is the date an enforceable legal claim to the asset applies. The County prorates personal property taxes levied on motor vehicles acquiring or losing situs (place where property is customarily kept) after January 1. Real property taxes are payable in two equal installments on June 5 and December 5. On December 6 the real property taxes become a lien on the real property. Personal property taxes are payable on June 5. Personal property taxes do not create a lien on property; however, County vehicle tags which are required by law for all vehicles garaged in the County may not be issued to any individual having outstanding personal property taxes. Real property taxes assessed as of January 1, 2001 and due December 5, 2001, are reflected as taxes receivable in the accompanying financial statements and are offset by deferred revenue. The assessed value of all classes of property approximates market value.

In April 1998, the Virginia General Assembly passed Senate Bill 4005, the Personal Property Tax Relief Act of 1998. The bill provides for the state to reimburse a portion of the tangible personal property tax levied on personal use cars, motorcycles and trucks. Reimbursement rates are contingent upon the state meeting revenue projections. If projections are not met, the rates to localities will be frozen at the previous level. The reimbursement rate is 70% for tax year 2001 increasing to 100% for tax year 2002 and thereafter. For tax year 2001, the state reimbursement receivable is reflected as a due from other governments and is offset by deferred revenue. Revenue for the state reimbursement is recorded as non-categorical aid from the state. Localities will continue to assess and administer the personal property tax program.

COUNTY OF CHESTERFIELD
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2001

4. INTERFUND TRANSACTIONS

Interfund receivable and payable balances at June 30, 2001 were as follows:

Fund	Interfund receivables	Interfund payables
A. Interfund Receivables/Payables Other Funds		
<i>Primary Government:</i>		
General	\$ 552,572	\$ -
Special Revenue - Grants	-	65,900
- Comprehensive Services	-	258,529
Total Special Revenue Funds	-	324,429
Capital Projects - County	-	228,143
Total Primary Government	<u>\$ 552,572</u>	<u>\$ 552,572</u>
B. Interfund Receivables/Payables Primary Government and Component Units		
<i>Primary Government:</i>		
General	\$ 975,000	\$ 33,263,972
Total Primary Government	<u>975,000</u>	<u>33,263,972</u>
<i>Component Units:</i>		
School Board:		
Special Revenue - School Operating	33,263,972	-
Health Center Commission	-	975,000
Total Component Units	<u>33,263,972</u>	<u>975,000</u>
Total	<u>\$ 34,238,972</u>	<u>\$ 34,238,972</u>

Residual equity transfers represents \$97,254 contributed to the Airport Fund for expanding airport facilities, \$3,970 to the Water Fund for water tower improvements and \$272,642 to the Wastewater Fund for sewer line expansion. These amounts are recorded as contributed capital in the respective Enterprise Funds.

COUNTY OF CHESTERFIELD
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2001

5. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2001 were as follows:

Primary Government

Commonwealth of Virginia:

General Fund:

Personal Property Tax Relief	\$ 7,384,222
State sales tax	3,022,218
Local sales tax	2,296,053
State welfare assistance reimbursement	858,057
Other aid, grants and reimbursements	<u>1,310,563</u>
Total General Fund	<u>14,871,113</u>

Special Revenue Funds:

Grants Fund - other aid, grants and reimbursements	72,935
Comprehensive Services Fund - other aid, grants and reimbursements	<u>562,948</u>
Total Special Revenue Funds	<u>635,883</u>

County Capital Projects Fund:

Other aid, grants and reimbursements	23,000
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Enterprise Fund - Airport:

Other aid, grants and reimbursements	142,878
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Federal Government:

General Fund:

Other aid, grants and reimbursements	195,924
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Special Revenue Fund - Grants Fund

Other aid, grants and reimbursements	933,491
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Enterprise Fund - Airport:

Other aid, grants and reimbursements	<u>41,850</u>
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Total Primary Government	<u>16,844,139</u>
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Component Unit - School Board

Commonwealth of Virginia:

School Operating Fund:

School Aid	1,013,482
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Federal Government:

School Operating Fund:

School Aid	<u>4,250,014</u>
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Total Component Unit	<u>5,263,496</u>
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Total Reporting Entity	<u><u>\$ 22,107,635</u></u>
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COUNTY OF CHESTERFIELD
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2001

6. PROPERTY, PLANT, AND EQUIPMENT

A. Primary Government

A summary of general fixed assets and related changes during the year is as follows:

	Balance				Balance
	<u>July 1, 2000</u>	<u>Additions</u>	<u>Deductions</u>		<u>June 30, 2001</u>
Land	\$ 24,138,932	\$ 5,993,335	\$ 157,098		\$ 29,975,169
Buildings	92,031,901	7,590,727	98,075		99,524,553
Improvements other than buildings	22,788,089	4,088,516	-		26,876,605
Machinery and equipment	45,489,191	25,315,654	3,853,361		66,951,484
Construction in progress	<u>60,729,367</u>	<u>39,279,566</u>	<u>41,325,759</u>		<u>58,683,174</u>
	<u>\$ 245,177,480</u>	<u>\$ 82,267,798</u>	<u>\$ 45,434,293</u>		<u>\$ 282,010,985</u>

Construction in progress for general government operations is composed of the following:

<u>Purpose</u>	<u>Authorization</u>	<u>Expended to</u>	<u>Committed at</u>
		<u>June 30, 2001</u>	<u>June 30, 2001</u>
General government	\$ 9,696,196	\$ 3,536,804	\$ 6,159,392
Administration of justice	34,862,695	23,059,381	11,803,314
Public safety	26,291,370	15,821,145	10,470,225
Public works	614,872	512,108	102,764
Parks, recreation and cultural	25,288,435	15,627,160	9,661,275
Community development	<u>1,412,300</u>	<u>126,576</u>	<u>1,285,724</u>
	<u>\$ 98,165,868</u>	<u>\$ 58,683,174</u>	<u>\$ 39,482,694</u>

A summary of property, plant and equipment for the Proprietary Fund types is as follows:

	<u>Enterprise</u>	<u>Internal Service</u>
	<u>Funds</u>	<u>Funds</u>
Land	\$ 3,152,424	\$ 193,685
Buildings	124,677,197	1,560,190
Improvements other than buildings	31,880,556	154,727
Machinery and equipment	456,984,063	9,734,127
Construction in progress	<u>12,664,658</u>	<u>-</u>
	629,358,898	11,642,729
Accumulated depreciation	<u>(180,043,556)</u>	<u>(6,462,555)</u>
	<u>\$ 449,315,342</u>	<u>\$ 5,180,174</u>

COUNTY OF CHESTERFIELD
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2001

B. Component Units

A summary of general fixed assets and related changes during the year for the School Board is as follows:

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2001</u>
Buildings	\$ 354,908,347	\$ 41,971,444	\$ -	\$ 396,879,791
Improvements other than buildings	10,076,032	812,829	-	10,888,861
Machinery and equipment	32,663,647	6,007,396	1,319,426	37,351,617
Construction in progress	<u>74,018,426</u>	<u>41,855,540</u>	<u>51,680,593</u>	<u>64,193,373</u>
	<u>\$ 471,666,452</u>	<u>\$ 90,647,209</u>	<u>\$ 53,000,019</u>	<u>\$ 509,313,642</u>

Construction in progress for the School Board is composed of the following:

<u>Purpose</u>	<u>Authorization</u>	<u>Expended to</u> <u>June 30, 2001</u>	<u>Committed at</u> <u>June 30, 2001</u>
Education	<u>\$ 180,329,821</u>	<u>\$ 64,193,373</u>	<u>\$ 116,136,448</u>

A summary of property, plant and equipment in the Health Center Commission Component Unit is as follows:

	<u>Health Center Commission</u> <u>Enterprise Fund</u>
Land	\$ 2,255,561
Buildings	25,852,953
Machinery and equipment	<u>4,036,235</u>
	32,144,749
Accumulated depreciation	<u>(6,436,567)</u>
	<u>\$ 25,708,182</u>

COUNTY OF CHESTERFIELD
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2001

7. LONG-TERM DEBT

A. Summary of Debt Outstanding and Repayment Requirements

At June 30, 2001 the long-term debt consisted of:

	<u>Interest rates</u>	<u>Annual principal requirements</u>	<u>Amount outstanding</u>		
			<u>Primary Government</u>	<u>Component Unit - School Board</u>	<u>Total</u>
General Long-term Obligations Account Group:					
Judgments, claims and compensated absences payable	- %	\$ -	\$ 19,035,555	\$ 10,370,565	\$ 29,406,120
Retirement plan obligations	-	-	3,403,653	2,685,217	6,088,870
Obligations under capital leases:					
Certificates of Participation:					
Buildings	4.30	1,260,000	1,260,000	-	1,260,000
Buildings/Information Systems	4.00 - 5.00	539,250 - 899,250	13,310,000	-	13,310,000
Public Facility Lease	4.00 - 6.00	805,000	15,295,000	-	15,295,000
Other	5.31 - 9.50	4,942 - 210,379	<u>699,826</u>	<u>64,780</u>	<u>764,606</u>
Total obligations under capital leases			<u>30,564,826</u>	<u>64,780</u>	<u>30,629,606</u>
General obligations bonds:					
1990A School Refunding, due 2004	8.74	150,000	-	600,000	600,000
1990B General Improvement, due 2002	6.50	1,825,000	514,100	1,310,900	1,825,000
1991 General Improvement & Refunding, due 2006	5.80 - 6.25	425,000 - 6,575,000	8,506,074	9,698,926	18,205,000
1992 General Improvement, due 2003	5.00 - 5.25	2,485,000	1,328,918	6,126,082	7,455,000
1993 General Improvement & Refunding, due 2011	4.70 - 5.25	1,750,000 - 4,645,000	9,312,786	29,027,214	38,340,000
1994A School Refunding, due 2007	7.80 - 8.10	305,000 - 1,355,000	-	5,280,000	5,280,000
1994A School, due 2013	6.10 - 6.30	410,000 - 420,000	-	5,400,000	5,400,000
1995A School, due 2015	5.40 - 5.975	755,000 - 760,000	-	11,360,000	11,360,000
1995C School, due 2015	5.10 - 6.10	1,305,000 - 1,310,000	-	19,625,000	19,625,000
1997 General Improvement, due 2009	4.40 - 5.00	640,000	600,000	4,520,000	5,120,000
1998 General Improvement & Refunding, due 2018	4.30 - 5.00	3,215,000 - 5,670,000	15,238,665	52,961,335	68,200,000
1999 General Improvement & Refunding, due 2019	4.00 - 4.50	1,485,000 - 9,060,000	21,063,946	49,276,054	70,340,000
2000 General Improvement, due 2020	5.00 - 6.00	1,900,000 - 1,905,000	9,261,859	26,883,141	36,145,000
2001 General Improvement, due 2021	4.00 - 5.00	2,980,000 - 3,020,000	<u>12,491,000</u>	<u>47,864,000</u>	<u>60,355,000</u>
Total general obligations bonds			78,317,348	269,932,652	348,250,000
State Literary Fund Loans	3.00 - 4.00	55,218 - 1,753,050	-	8,158,668	8,158,668
Total bonds payable			<u>78,317,348</u>	<u>278,091,320</u>	<u>356,408,668</u>
General long-term obligations			<u>\$ 131,321,382</u>	<u>\$ 291,211,882</u>	<u>\$ 422,533,264</u>

The General Long-Term Obligations are payable from the General Fund of the primary government and the School Operating Fund of the Component Unit. The general obligation bonds are backed by the full faith and credit of the County.

COUNTY OF CHESTERFIELD
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2001

	<u>Interest rates</u>	<u>Annual principal requirements</u>	<u>Amount outstanding</u>	
			<u>Primary Government</u>	<u>Component Unit - Health Center Commission</u>
Proprietary Fund Types:				
Enterprise Funds:				
Retirement plan obligations:				
Airport Fund	- %	\$ -	\$ 5,544	
Water Fund			196,740	
Wastewater Fund			<u>114,006</u>	
Total retirement plan obligations			<u>316,290</u>	
Obligation under capital lease:				
Airport Fund	4.00 - 5.00	20,750	<u>415,000</u>	
Revenue bonds:				
1992 Water & Sewer Refunding, due 2011	5.75 - 6.375	1,090,000 - 1,850,000	14,330,000	
1992A Water & Sewer Refunding, due 2011	5.625 - 6.50	2,016,452 - 5,930,000	<u>32,213,967</u>	
Total revenue bonds			46,543,967	
Less: Discounts			<u>176,520</u>	
Net revenue bonds			<u>46,367,447</u>	
Total Enterprise Funds long-term debt			<u>\$ 47,098,737</u>	
Internal Service Funds:				
Judgments and claims:				
Risk Management Fund			\$ 3,334,906	
Retirement plan obligations:				
Vehicle and Communications Maintenance Fund			76,021	
Risk Management Fund			12,263	
Construction Management Fund			<u>11,092</u>	
Total Internal Service Funds			<u>99,376</u>	
Total Internal Service Funds long-term debt			<u>\$ 3,434,282</u>	
Component Unit - Health Center Commission:				
1996 Mortgage revenue bonds, due 2039	6.28	138,664 - 1,322,076		\$ 20,677,287
Less: Discount				<u>82,838</u>
Net mortgage revenue bonds				<u>\$ 20,594,449</u>

The Water and Wastewater Funds are responsible for the revenue bonds as follows:

	<u>Total Revenue Bonds</u>	<u>Net Revenue Bonds</u>
Water Fund	\$ 15,499,141	\$ 15,440,360
Wastewater Fund	<u>31,044,826</u>	<u>30,927,087</u>
Total	<u>\$ 46,543,967</u>	<u>\$ 46,367,447</u>

COUNTY OF CHESTERFIELD
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2001

B. Long-term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2001:

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2001</u>
Primary Government				
<i>General Long-term</i>				
<i>Obligations Account Group</i>				
Judgments and claims	\$ 6,057,511	\$ 2,006,353	\$ 1,919,478	\$ 6,144,386
Compensated absences	12,114,392	8,870,144	8,093,367	12,891,169
Retirement plan obligations	3,319,346	5,870,419	5,786,112	3,403,653
Capital lease obligations	19,780,000	14,532,411	3,747,585	30,564,826
General obligation bonds	<u>72,782,714</u>	<u>12,491,000</u>	<u>6,956,366</u>	<u>78,317,348</u>
	<u>\$ 114,053,963</u>	<u>\$ 43,770,327</u>	<u>\$ 26,502,908</u>	<u>\$ 131,321,382</u>
<i>Enterprise Funds</i>				
Retirement plan obligations	\$ 337,526	\$ 883,600	\$ 904,836	\$ 316,290
Capital lease obligation	-	415,000	-	415,000
Revenue bonds	<u>52,398,967</u>	<u>-</u>	<u>5,855,000</u>	<u>46,543,967</u>
	<u>\$ 52,736,493</u>	<u>\$ 1,298,600</u>	<u>\$ 6,759,836</u>	<u>\$ 47,275,257</u>
<i>Internal Service Funds</i>				
Judgments and claims	\$ 3,459,412	\$ 1,070,348	\$ 1,194,854	\$ 3,334,906
Retirement plan obligations	<u>100,232</u>	<u>297,984</u>	<u>298,840</u>	<u>99,376</u>
	<u>\$ 3,559,644</u>	<u>\$ 1,368,332</u>	<u>\$ 1,493,694</u>	<u>\$ 3,434,282</u>
Component Unit - School Board				
<i>General Long-term</i>				
<i>Obligations Account Group</i>				
Judgments and claims	\$ 5,049,199	\$ 780,540	\$ 700,294	\$ 5,129,445
Compensated absences	5,022,176	2,519,785	2,300,841	5,241,120
Retirement plan obligations	4,136,640	3,981,597	5,433,020	2,685,217
Capital lease obligations	-	76,739	11,959	64,780
General obligation bonds	242,042,286	47,864,000	19,973,634	269,932,652
State Literary Fund loans	<u>9,911,718</u>	<u>-</u>	<u>1,753,050</u>	<u>8,158,668</u>
	<u>\$ 266,162,019</u>	<u>\$ 55,222,661</u>	<u>\$ 30,172,798</u>	<u>\$ 291,211,882</u>
Component Unit - Health Center Commission				
Mortgage revenue bonds	<u>\$ 20,807,533</u>	<u>\$ -</u>	<u>\$ 130,246</u>	<u>\$ 20,677,287</u>

COUNTY OF CHESTERFIELD
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2001

C. Judgments, Claims, and Compensated Absences Payable

The County has recorded a liability for workers' compensation claims in the General Long-term Obligations Account Groups of \$5,176,200 for the primary government and \$3,538,803 for the School Board component unit. Such awards are payable biweekly for a period not to exceed ten years. A liability of \$3,334,906 has been recorded for judgments and claims in the Risk Management Fund. These liabilities consist of a) liabilities for claims incurred, reported and outstanding as of June 30, 2001 and b) liabilities for claims incurred but not reported as of June 30, 2001. These liabilities have been estimated based upon a case by case review, investigation and historical experience.

A long-term liability of \$9,729,951 and \$2,754,858 for accrued vacation and \$3,161,218 and \$2,486,262 for accrued sick leave benefits has been recorded in the General Long-term Obligations Account Groups of the Primary Government and the School Board component unit respectively, representing the intent to fund such costs from future operations.

The County has recorded a liability for rebatable arbitrage in the General Long-term Obligations Account Groups of \$520,186 for the Primary Government and \$1,590,642 for the School Board component unit.

In October 1991, the Environmental Protection Agency (EPA) issued a rule which established municipal solid waste landfills (MSWLF) closure requirements for all MSWLFs that accept solid waste after October 9, 1991 and postclosure requirements for all MSWLFs that accept solid waste after October 9, 1993. The County operated one landfill which was closed on October 8, 1993. The state and federal laws and regulations require the County to place a final cover on the landfill and to perform certain maintenance and monitoring functions at the site for 10 years after closure. The County completed the final cover during fiscal year 1995 and has 5 years remaining to perform its postclosure care maintenance as of June 30, 2001. The \$448,000 recorded as a landfill postclosure care liability at June 30, 2001 in the General Long-term Obligations Account Group, represents the estimated total current cost of landfill closure and postclosure care, based on the use of 100 percent of the estimated capacity for the landfill. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County is not required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care due to the closing of the landfill prior to the October 9, 1993, MSWLF postclosure requirements date. The County expects to pay postclosure care costs, including additional postclosure care costs (due to inflation, changes in technology or applicable laws or regulations, for example), with charges to users of the County's solid waste transfer stations, General Fund tax revenue and/or General Fund reserves.

D. Retirement Plan Obligations

As required by GASB Statement No. 27, a long-term liability of \$3,137,648 and \$266,005 was recorded in the County's General Long-term Obligations Accounts Group for the Virginia Retirement System (VRS) Pension Plan and County Supplemental Retirement Plan respectively, for the difference between the Annual Required Contribution and the amount actually contributed. The County's Enterprise Funds recorded a long-term liability of \$299,330 for the VRS Pension Plan and \$16,960 for the Supplemental Retirement Plan while the County's Internal Service Funds recorded a long-term liability of \$95,336 for the VRS pension plan and \$4,040 for the Supplemental Retirement Plan. A long-term liability of \$835,429 and \$1,849,788 was recorded in the School Board's General Long-term Obligations Account Group for the VRS Pension Plan and Early Retirement Incentive Plan, respectively.

COUNTY OF CHESTERFIELD
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2001

E. Annual Requirements to Amortize Long-term Obligations

The annual requirements to amortize long-term obligations are as follows:

Year Ending <u>June 30,</u>	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>	<u>Literary Loans</u> General Long-term Obligations	<u>Mortgage Bonds</u>
	General Long-term Obligations <u>Account Group</u>		Enterprise <u>Funds</u>	Account <u>Group</u> Component Unit - School <u>Board</u>	Enterprise <u>Fund</u> Component Unit - Health Center <u>Commission</u>
	Primary <u>Government</u>	Component Unit - School Board <u>Board</u>	Primary <u>Government</u>		
2002	\$ 11,312,578	\$ 35,030,169	\$ 8,043,836	\$ 2,004,811	\$ 1,433,251
2003	10,917,878	33,960,028	8,042,069	1,751,719	1,433,251
2004	8,992,819	33,096,373	8,047,539	1,598,413	1,433,251
2005	8,853,786	30,598,448	8,046,594	1,430,627	1,433,251
2006	8,497,740	29,271,100	8,039,934	810,892	1,433,251
Thereafter	<u>57,768,992</u>	<u>210,409,113</u>	<u>44,101,834</u>	<u>1,404,232</u>	<u>47,367,493</u>
Total	106,343,793	372,365,231	84,321,806	9,000,694	54,533,748
Less: Interest payable	<u>28,026,445</u>	<u>102,432,579</u>	<u>37,777,839</u>	<u>842,026</u>	<u>33,856,461</u>
Total	<u>\$ 78,317,348</u>	<u>\$ 269,932,652</u>	<u>\$ 46,543,967</u>	<u>\$ 8,158,668</u>	<u>\$ 20,677,287</u>

<u>Capital Lease Obligations</u>			
Year Ending <u>June 30,</u>	<u>Primary Government</u>		Component Unit - School Board <u>Board</u>
	General Long-term Obligations <u>Account Group</u>	Enterprise <u>Funds</u>	General Long-term Obligations <u>Account Group</u>
2002	\$ 3,758,925	\$ 23,697	\$ 20,823
2003	3,115,992	38,107	20,823
2004	3,031,722	37,277	19,939
2005	2,896,903	36,447	10,216
2006	2,667,023	35,617	5,108
Thereafter	<u>27,781,754</u>	<u>450,104</u>	<u>-</u>
Total	43,252,319	621,249	76,909
Less: Interest payable	<u>12,687,493</u>	<u>206,249</u>	<u>12,129</u>
Total	<u>\$ 30,564,826</u>	<u>\$ 415,000</u>	<u>\$ 64,780</u>

COUNTY OF CHESTERFIELD
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2001

F. Defeased Debt

In prior years, the County defeased certain general obligation and revenue bonds and certificates of participation by placing funds in irrevocable escrow accounts to provide for future debt service payments on the defeased debt. Accordingly, the escrow account assets and the liability for the defeased debt are not included in the County's financial statements. At June 30, 2001, the outstanding balance of the defeased debt was \$54.360 million, of which \$2.400 million was water revenue bonds, \$16.030 million was primary government general obligation bonds and \$35.930 million was general obligation bonds belonging to the School Board component unit.

8. FUND EQUITY BALANCE

The fund equity balances have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

A. Contributed Capital

According to GASB 33, external capital contributions are treated as an operating statement item in the Proprietary Funds' financial statements and only internal contributions directly increase equity. A summary of activity in contributed capital is as follows:

	<u>Primary Government</u>		<u>Component Unit</u>
	<u>Enterprise</u>	<u>Internal</u>	<u>Health</u>
	<u>Funds</u>	<u>Service</u>	<u>Center</u>
		<u>Funds</u>	<u>Commission</u>
Contributed capital, July 1, 2000	\$ 408,277,691	\$ 3,637,724	\$ 6,971,915
Capital contributions from			
Primary Government	<u>471,886</u>	<u>493,441</u>	<u>-</u>
Contributed capital, June 30, 2001	<u>\$ 408,749,577</u>	<u>\$ 4,131,165</u>	<u>\$ 6,971,915</u>

B. Investment in General Fixed Assets

The County and School Board's equity in owned general fixed assets which has been capitalized is reflected as an investment in general fixed assets.

C. Retained Earnings

The remainder of the equity in cumulative earnings or losses of the Proprietary Funds comprise retained earnings. Retained earnings-reserved reflects amounts that are restricted for retirement of debt and operations as required by various revenue bond covenants.

	<u>Primary Government - Enterprise Funds</u>
Retained earnings - reserved:	
Debt service	\$ 6,248,736
Operations	<u>4,653,017</u>
Total retained earnings - reserved	<u>\$ 10,901,753</u>

COUNTY OF CHESTERFIELD
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D. Fund Balances

Fund balance-reserved represents that portion of fund balance not available for appropriation or expenditure.

Fund balance-designated represents amounts that the County Board, School Board, or management has identified for future spending.

These amounts were composed of the following at June 30, 2001:

		Special Revenue		Capital Projects		Trust and Agency Funds	
		Funds		Fund			
	General	Grants		County	County		
	Fund	Fund		Capital	Supplemental		Nonexpendable
				Projects	Retirement		Trust
<u>Primary Government</u>	<u>Fund</u>	<u>Fund</u>		<u>Fund</u>	<u>Fund</u>		<u>Funds</u>
Fund balances - reserved:							
Construction (1)	\$ 39,382,862	\$ -	\$	4,285,948	\$ -	\$	-
Inventories	194,322	-		-	-		-
Encumbrances	1,375,264	-		18,073,860	-		-
Specific programs	-	656,500		-	-		12,843
Employees' pension benefits	-	-		-	10,631,850		-
Advance to Health							
Center Commission	975,000	-		-	-		-
Other	723,261	-		-	-		-
Total fund balances - reserved	<u>\$ 42,650,709</u>	<u>\$ 656,500</u>	<u>\$</u>	<u>22,359,808</u>	<u>\$ 10,631,850</u>	<u>\$</u>	<u>12,843</u>
Fund balances - designated:							
Debt service	\$ 1,008,664						
County capital projects	1,716,202						
School Board capital projects	190,287						
Future expenditures	15,940,643						
Other	193,471						
Total fund balances - designated	<u>\$ 19,049,267</u>						
		School		School	Early		Expendable
		Operating		Capital	Retirement		Trust
		Fund		Projects	Incentive		Funds
<u>Component Unit - School Board</u>		<u>Fund</u>		<u>Fund</u>	<u>Plan Fund</u>		
Fund balances - reserved:							
Construction (1)		\$ 893,492	\$	1,550,664	\$ -	\$	-
Inventories		659,986		-	-		-
Cafeteria operations (2)		3,460,207		-	-		-
Encumbrances		948,024		50,615,164	-		-
Specific programs		91,938		-	-		9,114
Employees' pension benefits		-		-	8,439,107		-
Total fund balances - reserved		<u>\$ 6,053,647</u>	<u>\$</u>	<u>52,165,828</u>	<u>\$ 8,439,107</u>	<u>\$</u>	<u>9,114</u>
Fund balances - designated:							
Future expenditures		<u>\$ 3,289,309</u>					

(1) This reserve is comprised of appropriated funds that were not expended prior to June 30, 2001. Appropriations for capital projects and their funding sources do not lapse at year-end.

(2) Department of Agriculture regulations limit the accumulation of "excess funds" to three months operating needs for the locally operated School Food Services Program. These funds must be spent to improve the School Food Service Program.

COUNTY OF CHESTERFIELD
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E. Fund Deficit

The Airport Enterprise Fund had a deficit in retained earnings of \$5,098,740 and the Comprehensive Service Fund had a deficit fund balance of \$133,233 at June 30, 2001. The Airport deficit resulted because County management has elected not to recover depreciation through user charges. The Comprehensive Services Fund deficit resulted because the local share of expenditures was greater than anticipated, therefore exceeding local match funding. Management anticipates this deficit will be eliminated through future appropriations.

9. COMMITMENTS AND CONTINGENT LIABILITIES

A. Lease Commitments

Rent expense for all operating leases was \$3,147,401 for the County, \$787,110 for the School Board and \$21,780 for the Health Center Commission for the year ended June 30, 2001.

Future operating lease payments total \$1,083,792 for the County, \$93,387 for the School Board and \$76,230 for the Health Center Commission as of June 30, 2001.

B. Other Commitments

The County has entered into various contracts for the purchase of water and the treatment of wastewater. These commitments, which expire at various times through 2045, are considered by the County in establishing water and wastewater rates.

C. Contingent Liabilities

Various claims and lawsuits are pending against the County and School Board. In the opinion of County management, resolution of these cases would not involve a substantial liability.

The County and School Board have received a number of Federal and State grants. Although the County and School Board have been audited in accordance with the provisions of Office of Management and Budget Circular A-133, these grants are still subject to financial and compliance audits by the grantors or their representatives. Such audits could result in requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grants. The amount of expenditures which may be disallowed as a result of audits at some future date cannot be determined at this time; however, the County and School Board expect such amounts, if any, to be immaterial.

D. Moral Obligations – Richmond Metropolitan Authority (RMA) Baseball Stadium Facility

In connection with the RMA's responsibility for maintaining and operating the Richmond metropolitan area's baseball stadium facility which opened in April 1985, the Counties of Chesterfield and Henrico and the City of Richmond agreed to a nonbinding moral obligation under which each would pay one-third of any annual net operating loss and any deficit in debt service on the \$3,810,000 RMA Revenue Bonds. The RMA Revenue Bonds were issued under the terms of a bond resolution dated August 28, 1984 to assist in the construction of the stadium. In September 1994, the RMA issued \$2,750,000 in revenue bonds in order to satisfy outstanding obligations on the 1984 bonds. The bonds are secured by net revenues derived from the RMA's operation of the stadium and funds that may be appropriated to the RMA by its participating jurisdictions, pursuant to the moral obligation agreement. Debt service requirements, by fiscal year, on the 1994 bonds are scheduled as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 300,000	\$ 73,000	\$ 373,000
2003	350,000	55,000	405,000
2004	400,000	34,000	434,000
2005	<u>400,000</u>	<u>12,000</u>	<u>412,000</u>
	<u>\$ 1,450,000</u>	<u>\$ 174,000</u>	<u>\$ 1,624,000</u>

COUNTY OF CHESTERFIELD
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RMA issued bonds to a bank under a Bond Purchase and Loan Agreement dated April 1, 1997 providing for borrowings not exceeding \$2,750,000 to finance repairs to the Stadium. These borrowings bear interest at an annual rate of 80% of the LIBOR rate (3.068% at June 30, 2001). RMA has pledged its rights under the 1997 Moral Obligation Agreement as collateral. The Counties of Chesterfield and Henrico and the City of Richmond agreed to a non-binding moral obligation under which each would pay one-third of the amount needed to pay the debt service if revenues and receipts of RMA may be insufficient to pay principal and interest when due in each fiscal year. In September 1998, RMA requested the localities to revise the moral obligation to allow RMA to use excess funds, approximately \$1.0 million, to pave the parking lot and install drainage and lighting facilities. All three localities approved the moral obligation change. Outstanding principal amounts of \$405,000 under this agreement at June 30, 2001 are scheduled to be paid in fiscal 2002.

For the fiscal year ended June 30, 2001, the baseball stadium facility had a net operating income of \$15,245. Contributions of \$335,827 for debt service and \$25,000 for capital improvements were made by the County to RMA in fiscal year 2001.

10. RISK MANAGEMENT – CLAIMS LIABILITY

The Risk Management Fund (an Internal Service Fund) accounts for property, casualty and liability claims for the County and School Board. Third party coverage is obtained for real and personal property and some liability risks. Third party property and casualty coverage is maintained for the Fire Department. The County does maintain a broad form Public Officials Liability insurance policy to provide catastrophe coverage for individual claims in excess of \$2,000,000. Administration of claims impacting this coverage is reviewed routinely by the insurance company that provides this policy. There have not been any reductions in commercial insurance coverage from the prior year and the amount of settlements in each of the past three years did not exceed the commercial insurance. Risk Management Fund revenues are generated by charges to the departments for management's estimate of the cost of predictable losses, the cost for administering these losses, a pro rata share of insurance premiums paid, actuarial estimates for incurred but not reported claims and the Risk Management Department's operational costs. Significant claims paid by the Risk Management Fund which exceed the premium charged will be covered by increased premiums in future years. Liabilities for unpaid claims are based upon the estimate of the ultimate cost of the claims, pursuant to known information. On disputed cases, where the chances of prevailing on the legal and medical issues is less than 50%, the claim is recorded at the full exposure amount. The carrying amount for the liability of unpaid claims has been discounted at 5.5%. The confidence level estimated percentage used to calculate the risk management liability is 90%. First party administration of claims by the Risk Management staff began October 1, 1988.

The County is the owner of closed landfills, underground storage tanks, sewage lagoons and other potential sources of toxic substances. Ownership of these properties exposes the County to risk of Third Party pollution liability. At this time no claim exists nor is there knowledge of any condition which impairs a Third Party's property or person. As the extent of potential loss cannot be estimated, no formal financial risk treatment for this exposure has been implemented.

Workers' compensation claims are funded annually by appropriations in the various funds. From July 1, 1989 to December 31, 1996, the self-insured retention per occurrence was \$500,000. The self-insured retention per occurrence was reduced to \$250,000 for claims occurring after December 31, 1996. The County maintains an excess insurance policy for those claims greater than \$250,000. Claims are administered by Risk Management staff with an independent claims audit conducted periodically. Safety professionals and representatives of the third party insurance companies provide loss prevention consultation. The Workers' Compensation liability is recorded in the General Long-term Obligations Account Group of the County and School Board.

COUNTY OF CHESTERFIELD
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The changes in the claims liability amounts are as follows:

	<u>Fiscal</u> <u>2001</u>	<u>Fiscal</u> <u>2000</u>
Workers' Compensation:		
Liability, July 1	\$ 8,419,439	\$ 8,380,461
Current-year claims	2,612,115	2,204,828
Changes in estimates	(474,921)	(684,692)
Claim payments	<u>(1,841,630)</u>	<u>(1,481,158)</u>
Liability, June 30	<u>\$ 8,715,003</u>	<u>\$ 8,419,439</u>
Risk Management Fund:		
Liability, July 1	\$ 3,459,412	\$ 2,923,491
Current-year claims	1,098,262	1,664,288
Changes in estimates	(27,914)	(196,960)
Claim payments	<u>(1,194,854)</u>	<u>(931,407)</u>
Liability, June 30	<u>\$ 3,334,906</u>	<u>\$ 3,459,412</u>

11. RETIREMENT PLANS

A. Virginia Retirement System – Primary Government

The County contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the VRS.

1. Plan Descriptions and Contribution Information

- a) Plan Description: All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years for participating law enforcement officers and firefighters). Employees who retire with a reduced benefit at age 55 (age 50 for participating law enforcement officers and firefighters) with at least five years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS). An optional reduced retirement benefit is available to members of VRS as early as age 50 with 10 years of credited service. Employees with 35 years or more of credited service are entitled to an annual benefit equal to 1.65 percent of AFS for each year of credited service. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the state legislature. VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to VRS at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF CHESTERFIELD
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- b) Funding Policy: Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2001 was 5.30% of annual covered payroll. Chesterfield County has elected to pay the employee's required 5% contribution.
- c) Annual Pension Cost and Net Pension Obligation: For 2001, the County's annual required contribution of \$5,693,254, representing a contribution rate of 5.30%, was equal to the County's actual contributions. The actuarial assumptions included (a) 8% investment rate of return, (b) projected salary increases of 3% per year, and (c) 3% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of the County's assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 30 years or less.

Net Pension Obligation (NPO)

Annual Required Contribution (ARC)	\$ 5,693,254
Interest on NPO	277,095
Adjustment to the ARC	<u>(208,467)</u>
Annual Pension Cost	5,761,882
Contributions made	<u>(5,693,254)</u>
Increase in NPO	68,628
NPO beginning of year	<u>3,463,686</u>
NPO end of year	<u><u>\$ 3,532,314</u></u>

2. Related Party Investments

The VRS plan assets do not include any securities issued by Chesterfield County.

3. Schedules and Actuarial Method and Significant Assumptions

Virginia Retirement System
Chesterfield County
Schedule of Employer Contributions*

Fiscal Year Ending	Annual Pension Cost	Percent Contributed	Net Pension Obligation
06/30/2001	\$ 5,761,882	98.81 %	\$ 3,532,314
06/30/2000	8,070,129	91.70	3,463,686
06/30/1999	7,281,099	84.62	2,794,195
06/30/1998	6,898,569	75.72	1,674,652

**years prior to 1998 are not available*

COUNTY OF CHESTERFIELD
NOTES TO COMBINED FINANCIAL STATEMENTS
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Virginia Retirement System
Chesterfield County
Schedule of Funding Progress* (unaudited)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)**	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
06/30/2000 *	\$ 282,882,944	\$ 270,452,028	\$ (12,430,916)	104.60 %	\$ 101,996,802	(12.19) %
06/30/1998	203,481,246	192,211,748	(11,269,498)	105.90	84,639,015	(13.31)
06/30/1996 *	142,177,419	144,338,222	2,160,803	98.50	74,436,831	2.90
06/30/1994	109,061,467	106,044,396	(3,017,071)	102.85	66,262,878	(4.55)

* The actuary revised various actuarial valuation information that changed previously reported data.

** Unfunded or (plan assets in excess of)

*** Years prior to 1994 are not available.

B. Chesterfield County Supplemental Retirement System – Primary Government

The Chesterfield County Supplemental Retirement System (System) is a single-employer defined benefit pension plan that covers certain qualified County employees in addition to any benefits which may be received under the Virginia Retirement System and Social Security. This plan is administered by the Board of Trustees appointed by the Board of Supervisors. The System is considered part of the County of Chesterfield's financial reporting entity and is included in the County's financial statements as a Pension Trust Fund.

1. Summary of Significant Accounting Policies

- a) Basis of Accounting: The System's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.
- b) Valuation of Investments: Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales prices at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

2. Plan Descriptions and Contribution Information

- a) Plan Description: The System provides retirement benefits as well as disability benefits for certain qualified full-time County employees. Benefits begin to vest after five years of service. County employees who retire at or after age 65 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 0.875% of final average compensation in excess of covered compensation, multiplied by years of service credited to the member at retirement. Final average compensation is equal to one-fifth of the member's average compensation for the five consecutive plan years out of the last ten plan years of employment for which such average would be highest. Covered compensation means, for each employee, the average of the maximum amounts of compensation earnings which may be considered wages under Section 3121(a)(1) of the Internal Revenue Code as in effect January 1 of each calendar year commencing with the later of (i) the calendar year in which such employee attains age twenty-one (21) or (ii) 1951, through the calendar year in which the employee reaches age sixty-four (64), excluding the lowest five (5) years whether or not consecutive and assuming no change in such maximum for calendar years following such employee's separation from service for any reason. Employees with ten years of credited service may retire at or after age 55 and receive an unreduced retirement benefit. The entire cost of the System is paid by the County.

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Membership of the System consisted of the following at June 30, 2001:

Active members	2,901
Terminated members with vested rights	195
Retired members with benefits in pay status and beneficiaries of deceased members receiving benefits	<u>161</u>
	<u>3,257</u>

- b) Funding Policy: The System provides for annual employer contributions at actuarially determined rates which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. Contribution rates are developed using the entry age normal cost method for both normal costs and amortization of the unfunded actuarial accrued liability. The unfunded accrued liability is being amortized as a level percentage of payroll within a period of 40 years. The plan is financed through budget appropriations.
- c) Annual Pension Cost and Net Pension Obligation: For 2001, the County's contribution of \$699,228 was the recommended contribution and was determined as a part of the July 1, 2000 actuarial valuation. The actuarial assumptions included (a) 8% investment rate of return, (b) 4% inflation rate and (c) projected salary increases of 4% per year. Under the entry age normal method a supplemental cost is computed each valuation date and consists of a 40-year amortization of the system unfunded actuarial accrued liability.

Net Pension Obligation (NPO)

Annual Required Contribution (ARC)	\$ 699,228
Interest on NPO	23,472
Adjustment to the ARC	<u>(29,885)</u>
Annual Pension Cost	692,815
Contributions made	<u>(699,228)</u>
Decrease in NPO	(6,413)
NPO beginning of year	<u>293,418</u>
NPO end of year	<u>\$ 287,005</u>

3. Related Party Investments

The System's plan assets do not include any securities issued by Chesterfield County.

4. Schedules and Actuarial Method and Significant Assumptions

Chesterfield County Supplemental Retirement System
Schedule of Employer Contributions*

Fiscal Year	Annual	Percent	Net Pension
Ending	Pension	Contributed	Obligation
	Cost		
06/30/2001	\$ 692,815	100.93 %	\$ 287,005
06/30/2000	494,544	101.33	293,418
06/30/1999	333,723	71.37	299,975
06/30/1998	216,385	0.00	204,443
06/30/1997	(11,942)	0.00	(11,942)

**years prior to 1997 are not available*

COUNTY OF CHESTERFIELD
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2001

Chesterfield County Supplemental Retirement System
Schedule of Funding Progress (unaudited)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)*	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/2001	\$ 10,631,850	\$ 14,994,048	\$ 4,362,198	70.91 %	\$ 110,356,084	3.95 %
07/01/2000	11,164,453	13,804,891	2,640,438	80.87	101,796,982	2.60
07/01/1999	10,477,439	11,442,843	965,404	91.56	92,523,055	1.04
07/01/1998	9,934,473	9,394,186	(540,287)	105.75	84,443,395	(0.64)
07/01/1997 (1)	9,104,301	8,783,920	(320,381)	103.65	81,571,168	(0.39)
07/01/1996 (2)	7,941,674	5,691,758	(2,249,916)	139.53	74,627,324	(3.01)
07/01/1995	7,097,402	8,663,170	1,565,768	81.93	69,954,407	2.24

1. Change in assumptions and adoption of plan amendment effective July 1, 1997.

2. Change in assumptions from the July 1, 1996 Valuation Report.

*Unfunded or (plan assets in excess of)

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date.....	July 1, 2000
Actuarial cost method	Entry age normal cost
Amortization method	Level dollar
Remaining amortization period.....	40 years-open
Asset valuation method.....	Straight market value
Actuarial assumptions:	
Investment rate of return.....	8%
Projected salary increases	4%

C. Virginia Retirement System – Discretely Presented Component Unit (School Board)

The School Board contributes to the VRS, an agent and cost-sharing multiple-employer defined benefit pension plan. Professional employees participate in a VRS statewide teacher cost sharing pool and non-professional employees participate as a separate group in the VRS.

1. Plan Descriptions and Contribution Information

- a) **Plan Description:** All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced benefit at age 65 with 5 years of service and at age 50 with 30 years of service. Employees who retire with a reduced benefit at age 55 with at least five years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS). An optional reduced retirement benefit is available to members of VRS as early as age 50 with 10 years of credited service. Employees with 35 years or more of credited service are entitled to an annual benefit equal to 1.65 percent of AFS for each year of credited service. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the state legislature. VRS issues a publicly available comprehensive annual financial report that includes financial

COUNTY OF CHESTERFIELD
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2001

statements and required supplementary information for VRS. A copy of that report may be obtained by writing to VRS at P.O. Box 2500, Richmond, VA, 23218-2500.

- b) Funding Policy: Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for non-professional employees for the fiscal year ended 2001 was 6.16% of annual covered payroll. The School Board has elected to pay the employees' 5% required contribution. Information is not separately available for the teacher cost-sharing pool. The School Board's required contribution for the professional employees to the teacher cost-sharing pool was as follows:

<u>Year</u>	<u>Contribution in Dollars</u>	<u>Contribution Percentage</u>
2001	\$13,523,504	7.54%
2000	15,312,236	9.04%
1999	13,370,144	8.49%
1998	10,904,245	7.28%
1997	9,322,332	6.41%

- c) Annual Pension Cost and Net Pension Obligation: For 2001, the School Board's annual required contribution, for non-professional employees, of \$1,147,361, representing a contribution rate of 6.16%, was equal to the School Board's actual contributions. The required contribution was determined as part of the June 30, 1998 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return, (b) projected salary increases of 3% per year, and (c) 3% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of the School Board's assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 30 years or less.

Net Pension Obligation

Annual Required Contribution	\$ 1,147,361
Interest on NPO	65,537
Adjustment to the ARC	<u>(49,316)</u>
Annual Pension Cost	1,163,582
Contributions made	<u>(1,147,361)</u>
Increase in NPO	16,221
NPO beginning of year	<u>819,208</u>
NPO end of year	<u><u>\$ 835,429</u></u>

2. Related Party Investments

The VRS plan assets do not include any securities issued by Chesterfield County.

COUNTY OF CHESTERFIELD
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2001

3. Schedules and Actuarial Method and Significant Assumptions

Virginia Retirement System
Chesterfield County Public Schools
Schedule of Employer Contributions*

Fiscal Year Ending	Annual Pension Cost	Percent Contributed	Net Pension Obligation
06/30/2001	\$ 1,163,582	98.61 %	\$ 835,429
06/30/2000	1,259,604	80.36	819,208
06/30/1999	1,121,354	69.68	571,792
06/30/1998	858,886	73.02	231,763

**years prior to 1998 are not available*

Virginia Retirement System
Chesterfield County Public Schools
Schedule of Funding Progress* (unaudited)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)**	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
06/30/2000	\$ 40,421,688	\$ 37,828,703	\$ (2,592,985)	106.85 %	\$ 17,662,590	(14.68) %
06/30/1998	29,538,246	33,756,657	4,218,411	87.50	15,285,847	27.60
06/30/1996 *	21,221,484	26,213,868	4,992,384	80.96	14,403,777	34.66
06/30/1994	16,754,614	16,254,030	(500,584)	103.08	11,523,654	(4.34)

**There were revisions in the economic and demographic assumptions in preparation of the June 30, 1996 actuarial valuation.*

***Unfunded or (plan assets in excess of).*

****Years prior to 1994 are not available.*

D. Early Retirement Incentive Plan - Discretely Presented Component Unit (School Board)

The School Board contributes to the Early Retirement Incentive Plan (Plan), a single-employer, defined benefit pension plan established during fiscal year 1996 and administered by the School Board to provide pension benefits for certain qualified School Board employees in addition to any benefits which may be received under the Virginia Retirement System or Social Security. The Plan is reported as a Pension Trust Fund in the financial statements of the School Board Component Unit.

1. Summary of Significant Accounting Policies

- a) The Plan's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.
- b) Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales prices at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

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The Standish Fixed Income Fund and Standish Equity Fund, which total \$5,327,952, made up 63% of the total plan assets.

2. Plan Descriptions and Contribution Information

- a) Plan Description: The School Board's Plan is provided for full-time employees covered by VRS with at least ten years employment by Chesterfield County Public Schools, including the five years immediately preceding retirement. Employees must have at least twenty-three years in VRS and/or education, be between the age of 50 and 62, and not be retired on disability. Upon becoming eligible for an early retirement incentive benefit from the Plan, the employee shall select a part-time option to provide service to the School Board in the same or equivalent position as when the employee was permanently employed. The employee shall receive a monthly retirement benefit, which will begin as of the date the employee commenced part-time employment under the provisions of the Plan, equal to one twelfth (1/12) of one percent (1%) of the employee's final annual compensation; multiplied times the number of obligated days; divided by the duration of the payout period. The number of obligated days and amount of the monthly retirement benefit shall be determined and paid based on one of the part-time employment options selected by the employee and on the employee's employment classification. The minimum monthly benefit payable is \$50. Benefits under the Plan cease upon completion of the elected payout installment period. In the event of the death or total disability of the employee during the first year of receipt of benefits, the employee will receive payment for the time actually worked.

An employee is vested under the Plan when he reaches his normal retirement age defined as the time when services have been rendered in the part-time position classification selected by the employee. During the period the employee is providing services to the School Board in the part-time position, the employee's benefit is paid from the general assets of the School Board. If the employee does not complete the service required, the employee's benefits are forfeited. Benefit payments made after the first year or half year shall be made from the Plan assets.

Membership of the System consisted of the following at July 1, 2000, the date of the latest actuarial valuation:

Active participants	3,886
Retirees (non-vested)	4
Retirees (vested)	<u>248</u>
Total	<u>4,138</u>

- b) Funding Policy: The School Board contributes the normal cost plus amortizes the unfunded actuarial accrued liability over 40 years. Actuarial contributions are based upon savings derived from employees electing to retire under the Plan. For a particular plan year, the actual contribution may not equal the recommended level of contribution; however, it is expected that the contribution will be sufficient to meet the funding requirements over the longer term. The Plan is funded from available budget allocations and interest earned from the Plan.
- c) Annual Pension Cost and Net Pension Obligation: The School Board's contribution for 2001 was \$4,285,659, which was determined as a part of the July 1, 2000 actuarial valuation. The actuarial assumptions included (a) 7.5% investment rate of return and (b) projected salary increases of 3.5% per year. The actuarial cost method is the Individual Entry Age Normal method.

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Net Pension Obligation

Annual Required Contribution	\$ 2,832,613
Interest on NPO	248,807
Adjustment to the ARC	<u>(263,405)</u>
Annual Pension Cost	2,818,015
Contributions made	<u>(4,285,659)</u>
Decrease in NPO	(1,467,644)
NPO beginning of year	<u>3,317,432</u>
NPO end of year	<u><u>\$ 1,849,788</u></u>

3. Related Party Investments

The Plan's assets do not include any securities issued by Chesterfield County.

4. Schedules and Actuarial Method and Significant Assumptions

Chesterfield County Public Schools
Early Retirement Incentive Plan
Schedule of Employer Contributions*

	Annual		
Fiscal Year	Pension	Percent	Net Pension
Ending	Cost	Contributed	Obligation
06/30/2001	\$ 2,818,015	152.08 %	\$ 1,849,788
06/30/2000	3,323,932	97.00	3,317,432
06/30/1999	3,283,135	77.10	3,231,828
06/30/1998	3,309,539	47.10	2,489,100
06/30/1997	3,257,258	45.50	740,319

**The Plan was established during fiscal year 1996; therefore, years prior to 1997 are not available. Information from latest actuarial valuation prepared July 1, 2000.*

Chesterfield County Public Schools
Early Retirement Incentive Plan
Schedule of Funding Progress* (unaudited)

		Actuarial				UAAL as a
		Accrued				Percentage
Actuarial	Actuarial	Liability	Unfunded		Covered	of
Valuation	Value of	(AAL)	AAL	Funded	Covered	Covered
Date	Assets	Entry Age	(UAAL)	Ratio	Payroll	Payroll
07/01/2001	\$ 8,439,107	\$ 38,702,130	\$ 30,263,023	21.81 %	\$ 130,715,449	23.15 %
07/01/2000	6,338,243	38,309,855	31,971,612	16.54	126,295,120	25.32
07/01/1999	4,733,243	41,034,010	36,300,767	11.53	126,783,631	28.63
07/01/1998	3,665,410	38,873,801	35,208,391	9.43	122,496,262	28.74
07/01/1997	2,498,802	35,640,832	33,142,030	7.01	112,903,313	29.35

**The Plan was established during fiscal year 1996; therefore, years prior to 1997 are not available. Information from latest actuarial valuation prepared July 1, 2000.*

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The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date.....	July 1, 2000
Actuarial cost method.....	Entry age normal cost
Amortization method.....	Level dollar - open
Remaining amortization period.....	40 years
Asset valuation method.....	Market value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases.....	3.5% first 4 years; 4.5% thereafter

12. OTHER POSTEMPLOYMENT BENEFITS

The County, School Board and Lucy Corr Village provide postretirement health care benefits, in accordance with their respective policies, to all full-time, salaried permanent employees who retire at or after the age of 55 with at least five years of credited service.

The County contributes toward the retirees' medical and dental premiums with the retirees paying amounts ranging from \$41 to approximately \$686 per year depending on the health care plan selected. The retiree must pay for the coverage of any dependents. The County's contributions for retirees hired prior to July 1, 1992 are at the same rates as active employees. Retirees that were hired after July 1, 1992, receive a 5% reduction in the County contribution for each year of service less than 20 years. The County also pays 100% of the Medicare Supplement extended for retirees eligible for Medicare.

Currently, 442 of the County retirees meeting the eligibility requirements participate in postemployment health care benefits. Expenditures for health care benefits are recognized on a pay-as-you-go basis. During the year, expenditures of \$817,714 were paid for postemployment health care benefits for County retirees.

School Board retirees may select from the health care policies offered to active employees and pay the difference in cost on a monthly basis between the School Board's contribution and the cost of the policy. The retiree amount ranges from \$185 to \$814 per year, depending upon the health care plan selected. For retirees selecting dependent coverage, their costs range from \$1,298 to \$6,337 per year. When the retiree becomes eligible for Medicare, the health care policy is discontinued and the retiree may select health care coverage under one of the Medicare policies offered by the School Board. Effective July 1, 1997, the School Board elected to offer Medicare retirees the option of dependent coverage. The retiree pays the difference in cost on a monthly basis between the School Board's contribution and the cost of the Medicare policy. The retiree amount ranges from zero to \$1,782 annually for an individual policy. When the retiree selects dependent coverage, the cost ranges from \$890 to \$3,918 annually.

Currently, 896 of the School Board retirees meeting the eligibility requirements participate in postemployment health care benefits. Expenditures for health care benefits are recognized on a pay-as-you-go basis. During the year, expenditures of \$1,910,622 were paid for postemployment health care benefits for School Board retirees.

Lucy Corr Village (the Village) retirees who retired prior to January 1, 1994 have the same postemployment health care benefits as County retirees described above. For employees who retired after January 1, 1994, the Village pays the lowest premium available from the medical and dental plans offered. The retirees must pay the excess premiums for their coverage and for the coverage of their dependents. Expenditures for postemployment health care benefits are recognized as the premiums are paid to the insurance companies. Expenses of approximately \$44,000 covered 24 retirees for the year ended June 30, 2001.

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13. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains Enterprise Funds which provide airport, water, and wastewater services. The key financial data as of and for the year ended June 30, 2001 for these services follows:

	<u>Airport</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Operating revenues	\$ 439,868	\$ 21,406,451	\$ 20,349,422	\$ 42,195,741
Depreciation and amortization expense	547,520	5,359,736	7,909,600	13,816,856
Operating income (loss)	(530,599)	594,624	1,476,195	1,540,220
Net non-operating revenues (expenses)	(3,067)	2,359,250	1,418,777	3,774,960
Income (loss) before contributions and operating transfers out	(533,666)	2,953,874	2,894,972	5,315,180
External capital contributions	220,580	13,949,363	7,610,969	21,780,912
Operating transfers out	-	(50,500)	(50,500)	(101,000)
Net income (loss)	(313,086)	16,852,737	10,455,441	26,995,092
Current internal capital contributions	97,254	240,793	133,839	471,886
Additions to property, plant and equipment	739,512	15,571,371	7,227,707	23,538,590
Disposals of property, plant and equipment	-	352,487	216,866	569,353
Net working capital	138,718	43,789,641	45,954,776	89,883,135
Total assets	12,705,699	270,572,265	333,244,530	616,522,494
Bond and other long-term liabilities:				
Payable solely from operating revenues	-	11,640,830	23,316,617	34,957,447
Other long-term liabilities payable from other sources	427,618	956,552	1,077,969	2,462,139
Total fund equity	11,974,366	246,138,182	289,356,411	547,468,959

14. JOINT VENTURES

A. Appomattox River Water Authority

The County, in conjunction with the Counties of Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights, participated in the creation of the Appomattox River Water Authority (Water Authority). The Water Authority was established under the provisions of the Virginia Water and Sewer Authorities Act. The Water Authority, whose five-member board is comprised of one representative from each participating entity, is responsible for providing a supply of filtered water to be purchased by the members of the Water Authority. In accordance with the joint venture agreement, each participating entity is required to purchase water from the Water Authority. The County retains an ongoing financial responsibility for the joint venture due to this requirement of the agreement. The County's purchases of water for the year ended June 30, 2001 were \$2,791,135.

Complete financial statements for the Water Authority can be obtained from the Water Authority's Office at 21300 Chesdin Road, Petersburg, Virginia 23803.

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B. Capital Region Airport Commission

The County, together with the City of Richmond, the County of Henrico and the County of Hanover, participates in an intergovernmental joint venture, the Capital Region Airport Commission (Commission). The Commission owns and operates the Richmond International Airport (Airport).

The Commission is comprised of a fourteen-member board of directors, with four members each being appointed by the City of Richmond, County of Henrico and County of Chesterfield governing bodies and two members being appointed by the County of Hanover governing body. The Commission generates revenues from service charges to users of the Airport facilities to recover the costs of maintaining, repairing and operating the Airport. Virginia law requires that the Commission submit an annual budget showing estimated revenues and estimated expenditures to the governing bodies of the localities for their approval. After approval of the proposed budget by the governing bodies, if the Commission's budget contains estimated expenditures which exceed estimated revenues, the governing bodies are required to fund the deficit in proportion to their financial interest in the Commission. If, however, actual revenues are less than estimated revenues identified in the budget (resulting in a deficit), the localities may, at their discretion, appropriate funds necessary to fund the deficit. The percentage shares of the jurisdictions involved are: City of Richmond - 29.0%; County of Henrico - 32.0%; County of Chesterfield - 30.0%; and County of Hanover - 9.0%. This allocation is determined by the percentage that the total population of each jurisdiction is to the combined total population of all jurisdictions at January 1990.

Complete financial statements for the Commission can be obtained from the Commission's Office at Richmond International Airport, P. O. Box A-3, Richmond, Virginia 23231.

C. Greater Richmond Convention Center Authority

The Greater Richmond Convention Center Authority (Convention Authority), a political subdivision of the Commonwealth of Virginia, was created on January 9, 1998 pursuant to the Public Recreational Facilities Authorities Act, Chapter 56 of Title 15.2, Code of Virginia. The political subdivisions participating in the incorporation of the Convention Authority are the City of Richmond and the Counties of Chesterfield, Hanover and Henrico. The Convention Authority is governed by a five-member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President/CEO of the Retail Merchants Association of Greater Richmond.

The Convention Authority was created to acquire, finance, expand, renovate, construct, lease, operate and maintain the facility and grounds of a visitors and convention center or centers including the facility and grounds currently known as the Richmond Centre. The primary purpose of the Convention Authority is to issue revenue bonds to finance the expansion of the Richmond Centre facility and to construct access, street scape, or other on-site/off-site improvements. Once the expansion is complete, the Convention Authority will have responsibility for the operation and maintenance of the convention center.

During the year ended June 30, 2000, the Convention Authority issued \$158,415,000 in Hotel Tax Revenue Bonds, which are secured by an 8 percent transient occupancy tax imposed and collected by the localities. The County recorded an expenditure of \$2,234,733 for transient occupancy tax to the Convention Authority during the year ended June 30, 2001.

On May 19, 1998, the County was named the fiscal agent for the Convention Authority. An agreement specifies that the County provide services to the Convention Authority to (1) direct and monitor the investment and disbursement of funds held by the trustee from revenue bonds; (2) receive and manage revenues transferred on behalf of the Convention Authority to the Treasurer of the County; (3) maintain accounting records in accordance with generally accepted accounting principles and coordinate with outside independent auditors; (4) monitor and control the Convention Authority's budget and (5) secure arbitrage reporting. In accordance with the terms of the fiscal agent agreement, payments of \$50,000 were made by the Convention Authority to the County during the year ended June 30, 2001. The agreement is effective until the County or the Convention Authority gives written notice to the other of its desire to terminate the agreement.

Complete financial statements for the Convention Authority can be obtained from Chesterfield County, Accounting Department, P.O. Box 40, Chesterfield, VA 23832.

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D. Greater Richmond Transit Company

The Greater Richmond Transit Company (GRTC) is a public service corporation organized to provide mass transportation services to the Richmond metropolitan area. GRTC is owned jointly by the County and the City of Richmond, each owning a 50% share of the corporation. The County does not have an explicit or measurable claim to the resources of GRTC.

The Board of Directors of GRTC is comprised of six members with three members each being appointed by the respective governing bodies. The Board of Directors manages the business and affairs of GRTC, including the approval of the annual budget of the corporation.

The majority of the capital, operating and liability costs are paid by fare revenue, state and federal grants, and when necessary, route subsidies. Each locality will participate in GRTC's cost only to the extent that the locality chooses to have GRTC operate routes within its jurisdiction. The County's ongoing financial responsibility in GRTC is due to this commitment. At June 30, 2001, there were three local routes established in the County but no contribution from the County was required due to GRTC's ability to absorb the operating costs.

On June 4, 2001, GRTC began operation of a two-year pilot program featuring 25-passenger vans to provide County residents with public transportation to and from downtown Richmond, as well as local routes. The pilot program consists of local routes operating Monday through Saturday while two express routes to Richmond operate Monday through Friday. No contribution from the County was required in fiscal year 2001 for this pilot program due to a state grant funding 100% of the costs.

Complete financial statements for GRTC can be obtained from GRTC's office at P. O. Box 27323, Richmond, Virginia 23261.

E. Riverside Regional Jail Authority

The Riverside Regional Jail Authority (Jail Authority) was created by Chapter 726 of the 1990 Acts of the General Assembly and was formed on June 21, 1990. The Jail Authority is comprised of the Cities of Colonial Heights, Hopewell and Petersburg and the Counties of Charles City, Chesterfield, Prince George and Surry. A fourteen-member board comprised of one appointed member and the sheriff from each participating jurisdiction governs the Jail Authority. Each member must reside in and be appointed by the governing body of his political subdivision.

The regional jail is located in the County of Prince George adjacent to the Federal Correctional Institution and is used to hold prisoners primarily from each member jurisdiction. In accordance with the Jail Authority Service Agreement, each participating locality is required to commit a determined percentage of its inmates, paying per diem rates, to the jail. The County retains an ongoing financial responsibility for this joint venture due to this requirement of the agreement. The County's per diem payments for the year ended June 30, 2001 were \$3,814,552.

Complete financial statements for the Jail Authority can be obtained from the Riverside Regional Jail Authority's office at P. O. Box 1041, Hopewell, VA 23860.

F. South Central Wastewater Authority

On July 2, 1996, the County, in conjunction with the Counties of Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights participated in the creation of the South Central Wastewater Authority (Wastewater Authority), by concurrent resolutions in accordance with the Virginia Water and Sewer Act. The purpose of the Wastewater Authority, whose five-member board is comprised of one representative from each participating jurisdiction, is to acquire, finance, construct, expand, improve, operate and maintain wastewater treatment and related facilities and for compliance with all requirements of applicable laws and regulations, except as otherwise provided in the service agreements.

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The County's purchases of wastewater services for the year ended June 30, 2001 were \$161,323. The County paid \$4,786,709 on July 2, 1996 representing its share of acquired debt and an initial operations and maintenance deposit. The County will be responsible for its portion of operation and maintenance expenses on a monthly basis, based on the Service Agreement.

Complete financial statements for the Wastewater Authority can be obtained from the South Central Wastewater Authority's Office at 900 Magazine Road, Petersburg, VA 23803.

15. RELATED ORGANIZATIONS

The County Board is responsible for appointing the members of the Chesterfield Industrial Development Authority (Development Authority), but the County Board's accountability for this organization does not extend beyond making the appointments. The Development Authority was established under the Industrial Development and Revenue Act, Code of the Commonwealth of Virginia. The Development Authority has the responsibility to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate or to remain in the County.

16. JOINTLY GOVERNED ORGANIZATIONS

A. Appomattox Basin Industrial Development Corporation

The Appomattox Basin Industrial Development Corporation (ABIDCO) serves the Counties of Chesterfield, Dinwiddie and Prince George, as well as the Cities of Colonial Heights, Hopewell and Petersburg in their efforts to provide balanced industrialization to commission members.

The County has two representatives serving on the ABIDCO and contributed \$53,274 to the ABIDCO for the year ended June 30, 2001.

B. Central Virginia Waste Management Authority

The Central Virginia Waste Management Authority (Waste Authority) was established under the provision of the Virginia Water and Sewer Authorities Act. The Waste Authority's board is comprised of representatives from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George, the Cities of Colonial Heights, Petersburg and Richmond and the Town of Ashland. The 20-member board is comprised of no less than one and up to no more than three members from each of the participating jurisdictions, determined on a population basis. The County has three representatives serving. The Waste Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except for contribution requirements and direct payments for special projects, no participant has any ongoing financial interest or responsibility in the Waste Authority. The County's contribution and direct payments for special projects for the year ended June 30, 2001 were \$ 2,790,864.

C. Greater Richmond Partnership

The Greater Richmond Partnership is comprised of members from the City of Richmond and the Counties of Chesterfield, Hanover, and Henrico. Together in partnership with the business leadership of the area, the Greater Richmond Partnership's purpose is to further economic development of the metropolitan area.

The County has one representative serving on the Greater Richmond Partnership's Board of Directors and the County contributed \$350,000 for the year ended June 30, 2001.

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D. Richmond Metropolitan Convention and Visitors Bureau

The Richmond Metropolitan Convention and Visitors Bureau (RMCVB) serves the City of Richmond and the Counties of Chesterfield, Hanover and Henrico by promoting conventions, tourism and development in the Metropolitan Richmond area in order to increase revenues, provide increased employment and improve the economic health of all jurisdictions involved.

The County has three representatives serving on RMCVB's Board of Directors and contributed \$317,000 to RMCVB for the year ended June 30, 2001.

E. Richmond Regional Planning District Commission

The Richmond Regional Planning District Commission (RRPDC) is comprised of members from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, the City of Richmond and the Town of Ashland. The major functions of the RRPDC are to promote regional cooperation; coordinate the activities and policies of member local governments; resolve service delivery problems involving more than one government within the region and provide planning assistance to local governments. In accordance with its Charter, the RRPDC promotes the orderly physical, social and economic development of the region through planning and encouraging local governments to plan for the future.

The County has six representatives serving on the RRPDC and paid total dues of \$151,320 for the year ended June 30, 2001.